



1.4.2010 Audit Committee Meeting Minutes

To: Kristi Tomey, Audit Committee Chairman

From: Chris Compton, Secretary

CC: Sterling Cheatham
Debra Mack
✓Allison Collins
Stephanie Jacobs
Bryon Dorey

Date: January 4, 2010

Call to order:

Kristi Tomey, Audit Committee Chairman, brought the meeting to order at 10:22 am on January 4, 2010 in the City Manager's Conference Room.

Members Present:

Kristi Tomey
Earl Sheridan

Staff Present:

Sterling Cheatham
Allison Collins
Debra Mack
Bryon Dorey
Chris Compton

Others Present:

Charles Craft of
Lanier, Whaley, Craft
& Co.

Members Absent:

Charlie Rivenbark

Summary of Action Items:

Kristi Tomey asked to set a standing meeting date and time for future Audit Committee meetings. Meetings will now be held every other month on the first Monday of that month, beginning with March 1, 2010. These meetings will continue to follow the Boards and Commissions Appointments Committee meeting which follows the Agenda Briefing meeting.

The location of future Audit Committee meetings was also changed from the Lord Spencer Compton Room to the City Manager's Conference Room.

Kristi Tomey also asked that Committee Meeting date reminders be added to the Agenda Packet. Sterling Cheatham confirmed that information will be added to future packets.

1. **Review for Approval** – The Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2009.

- Charles Craft of Lanier, Whaley, Craft & Co. reviewed the CAFR and thanked Debra Mack and Bryon Dorey and their teams for assisting with the preparation of the report.
- The City's Financial Records have been accepted by the LGC, which were submitted two weeks prior to the December 1, 2009 deadline. A major part of the CAFR included the successful transfer of City assets to the Cape Fear Public Utility Authority.
- They are now working on the GFOA report.
- Kristi Tomey asked how long it took for the Finance Department to compile and prepare the data for the CAFR. Bryon Dorey and Mr. Craft reported that Bryon's team started in mid-July and finished at the end of October.
- Bryon Dorey reported that the CAFR was submitted 2 weeks earlier than last year. He plans to submit the CAFR a month earlier for 2010.
- Debra Mack reported that the Letter of Transmittal was changed this year to include more community information.
- Kristi Tomey made a motion to approve the CAFR, which was seconded by Earl Sheridan. The motion carried.
- The CAFR will now be presented at the January 19, 2010 City Council meeting.

2. **Review for Acceptance** – Internal Audit Memo on the City of Wilmington Police Department's Special Investigative Fund Review - November 20, 2009.

- Allison Collins gave background on this audit.
- Only 2 minor items came up during the audit of the budgeted \$40,000 fund for the 08-09 Fiscal Year, which includes an on average \$1,200 petty cash box fund. The petty cash box was off by \$2.94 and one transaction did not have a proper supporting documentation and detailed receipt.
- The WPD has implemented monthly bank reconciliations and is working diligently with Internal Audit to ensure that all the proper internal controls are in place and working effectively.
- Another audit will be conducted in May, 2010.

3. **Review for Acceptance** – Internal Audit Memo on September 30, 2009 Loan Confirmations

- Allison Collins gave background on this item.
- Kristi Tomey asked about the yearly response rate for loan confirmation letters. Allison Collins will provide the data after the full year of this process has been completed. Quarterly letters will be sent out for December 2009 towards the end

of January 2010, which will complete one annual cycle. The quarterly loan confirmation procedures were implemented with the March 31, 2009 quarter end.

- New software is being implemented for the March 2010 cycle that will change the loan balance confirmations from an annual coupon book to monthly statements. This should aid with more timely reporting on loan balances and account activity.

New Items:

Bryon Dorey reported that the bid for Bank Services is being sent out for response in mid-February 2010, as the existing bank service contract has ended and the City is currently on a month-to-month bank service.

Debra Mack reported that the external audit RFP is also being prepared to be sent out in January 2010. The current external auditors, Lanier Whaley Craft & Co., have completed the external audit for a number of years now. The contract with them ended two years ago and has been extended.

Adjournment:

The meeting was adjourned at 10:53 a.m.